

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6841**

**BILL NUMBER:** HB 1142

**NOTE PREPARED:** Dec 26, 2008

**BILL AMENDED:**

**SUBJECT:** Child Support Payments.

**FIRST AUTHOR:** Rep. Grubb

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that a court may permit child support payments to be made directly to the person entitled to receive payments if the court finds that the person entitled to receive payments and the payor agree that support payments should be made directly to the person entitled to receive payments. The bill prohibits the clerk of the circuit court or the State Central Collection Unit from charging any fees for any services concerning child support. The bill also makes a technical correction.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** This bill may decrease the workload of the Indiana State Central Collection Unit, which currently receives and processes child support payments. The decrease in workload will depend on court action and the decisions of parties involved to exercise direct payments in a child support hearing.

The Department of Child Services (DCS) reports that these provisions could possibly increase the workload of the Child Support Bureau (CSB). CSB works with federal IV-D prosecutors who are responsible for enforcement aspects of child support. If parents neglect their direct payments and a custodial parent requests enforcement services, this will increase the workload of CSB and the federal IV-D prosecutor. Any increase in CSB enforcement workload would also increase documentation workload in DCS.

**Explanation of State Revenues:** As of January 1, 2008, there is a \$55 annual support fee per child support case that is charged to noncustodial parents. This fee is collected by either the county clerk or the state. However, the funds are deposited into the state General Fund. This bill will decrease revenue to the state General Fund as individuals who make direct child support payments will no longer be subject to this fee.

Actual revenue will decrease to the extent that additional cases receive approval for direct child support payments, but is expected to be small (see *Background Information* below). Total revenue lost will be \$55 per direct child support case annually.

Additionally, child support payments must be sent directly to the Indiana State Central Collection Unit for processing in the Indiana Support Enforcement Tracking System (ISETS) in order that the state receive federal IV-D funding based partially on child support collection amounts. DCS reports that by allowing direct payments, rather than sending payments through the Indiana State Central Collection Unit, these payments will potentially not be included in data used to leverage federal IV-D funds. These provisions can potentially decrease federal IV-D funds to the extent that direct child support payments are approved by the court and bypass either the Indiana State Central Collection Unit or are not counted in the state child support collection data. The actual impact on federal revenue is not known.

*Background Information:* The courts currently allow for other methods of paying child support. Courts can order noncustodial parents to make direct payments to the custodial parent. No information was available regarding how the direct child support payments are recorded and documented when court-ordered.

**Explanation of Local Expenditures:** This bill will decrease the work of the local court clerk to the extent that payments are no longer received for processing. The actual decrease in workload is unknown but expected to be small.

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Central Collection Unit, DCS, CSB.

**Local Agencies Affected:** Local courts.

**Information Sources:** Loretta Oleksy, State Court Administration, Family Court Project; Ann Houseworth, DCS.

**Fiscal Analyst:** Bill Brumbach, 232-9559.